



Illinois Department of Natural Resources

One Natural Resources Way Springfield, Illinois 62702-1271
<http://dnr.state.il.us>

Pat Quinn, Governor
Marc Miller, Director

Office of Water Resources, Michael A. Bilandic Building, 160 N. LaSalle Street, Suite S-700,
Chicago, IL 60601 Phone: 312/793-3123 Fax: 312/793-5968

LAKE MICHIGAN WATER ALLOCATION NEWSLETTER

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Introduction

It's been over two years since our last newsletter, and there are a number of topics and issues that we'd like to provide an update on. These include the availability of our latest (2010) Lake Michigan water rate survey, the current status of Illinois' Diversion as allowed pursuant to U.S. Supreme Court Decree, completion of the Regional Water Supply Plan (Water 2050), new Water Conservation Initiatives, possible changes to the Department's Rules and Regulations that govern the allocation of water from Lake Michigan, Great Lakes Governors and Premiers Regional Water Management, recent Lake Michigan water allocation orders that have been issued and a summary of water use for the 2010 Water Year.

Lake Michigan Water Rate Survey for 2010 Now Available

Last October the Office of Water Resources announced the availability of the 2010 Lake Michigan Water Rate Survey. It can be accessed at the following website:

<http://dnr.state.il.us/owr/LakeMichiganWaterAllocation.htm>

This is our fourth survey of water rates in the Lake Michigan water service area. Previous surveys were completed in 1995, 2000, and 2005. In 2010 the average Lake Michigan residential water rate was \$5.22/1000 gallons. The average commercial water rate was \$5.45/1000 gallons. From 2005 to 2010 the average Lake Michigan residential water rates increased from \$3.65/1000 gallons to \$5.22/1000 gallons, an average increase of 8.6% per year. The commercial rate increase was also 8.6% per year.

Please note the footnote on each page of the rate survey that cautions the reader that direct comparisons of water rates among water systems can be very misleading given the large number of variables that must be considered when setting water rates. Also, please remember that water rates can change often, so the data presented reflects rates in effect

at the time the information was collected.

Status of Illinois' Diversion

Since our last newsletter in March 2009, the U.S. Army Corps of Engineers has certified Illinois' Lake Michigan Diversion for Water Years 2006 & 2007. The total Lake Michigan diversion for Water Year 2006 was 2628 cubic feet per second (cfs), which is 572 cfs below the annual limit of 3200 cfs. In Water Year 2007, the total diversion was 3094 cfs, which is 106 cfs below the annual limit. Illinois' 1981-2007 average annual diversion is 3171 cfs, or 29 cfs below the Court specified long term average annual limit. In Water Year 2005, Illinois' water balance account moved to the positive side for the first time since 1982, and we are pleased that Water Years 2006 and 2007 add to our water reserve so that our water balance is now 774 cfs as of the end of Water Year 2007.

We have stated this before, but it bears repeating. First, having Illinois' diversion in full compliance with the U.S. Supreme Court Decree reduces the potential for conflict with our neighboring Great Lakes states. Second, since our diversion is strongly influenced by climate and hydrologic conditions such as rainfall and water levels on Lake Michigan, having a positive water balance account will enable us to weather those times when these climatic factors will cause our diversion to be higher. Third, these diversion numbers support the effectiveness of our allocation program and other state compliance efforts. Lastly, and perhaps of most importance to those who depend on Lake Michigan as a water supply, it increases our confidence that we will be able to meet the water demands of the Lake Michigan water service area into the future while staying within the constraints of the Supreme Court Decree.

Northeastern Illinois Regional Water Supply Planning and Conservation

On January 26, 2010, the Regional Water Supply Planning Group adopted the Northeastern Illinois Regional Water Supply/Demand Plan. This plan was the result of a three year planning effort by the Chicago Metropolitan Agency for Planning (CMAP) and the Regional Water Supply Planning Group. The plan is available for download at:

<http://www.cmap.illinois.gov/water-2050>

A central theme of this Plan is to encourage municipalities and water suppliers to incorporate water conservation strategies into their current and long range plans. As an additional aid to municipalities, CMAP prepared a *Model Water Use Conservation Ordinance* in March 2010. This document is also available at the web site listed above, and offers a whole suite of activities and measures that can be pursued to improve water use among all sectors. Promoting the efficient use and conservation of Lake Michigan water has been part of our allocation program for many years, and we are pleased to recommend this document for your careful review and consideration. The need for a safe and dependable water supply will only grow in importance in the future, and looking at all the ways in which we can better manage and conserve our water resources will be critical in our collective efforts to ensure an adequate supply for future generations.

Updating the Lake Michigan Water Allocation Rules and Regulations

The Department's Lake Michigan Water Allocation Rules and Regulations (available at the website listed on the first page of this newsletter) have been in effect for over 30 years, during which time no substantive changes have been made. We believe that it is time for a review of the Rules, with a particular emphasis on the portion of the Rules that relate to efficient use and conservation. We recognize that a lot has happened in the last 30 years, and that there have been significant advances in the area of water conservation and efficient water use practices. The northeastern Illinois area has historically promoted the efficient use and conservation of Great Lakes water, and as we have examined water conservation programs in other parts of the Great Lakes region and the country, it is clear that our Rules and Regulations need to be updated.

There are two primary areas that we intend to focus on. The first is Section 3730.307(c)(4), which specifies water efficient plumbing fixtures. This rule was eclipsed back in 1992 when the Federal Energy Policy Act was enacted, and since then new USEPA 'Water Sense' labeled plumbing fixtures have become readily available in the marketplace which use even less water.

The second area concerns the accounting formula that is used by all domestic permittees to calculate unaccounted-for-flow, and determine compliance with our 8% standard. In the Rules this appears in Section 3730.102 Definitions and also in Section 3730.307(b). Current practice allows a calculation for "unavoidable leakage" which is excluded from the calculation of unaccounted-for-flow. The formula used to calculate unavoidable leakage has its origins in studies that were done back in the 1970s, based on what was then considered a well maintained water system and on a much lower value of water. For many of our permittees the unavoidable leakage value is anywhere from 3-8% of their net annual pumpage, a significant quantity of lost water and dollars. This allowance was originally included so as not to penalize older communities with older water systems. With the current cost of water, the need to keep water infrastructure in good working condition, and the need to demonstrate that Illinois is using its allowable Lake Michigan diversion wisely, we are considering the elimination of the unavoidable leakage allowance calculation.

We intend to circulate a draft of the proposed revisions to our Rules for your review and comment prior to taking any action to request approval of the revised Rules from the Joint Committee on Administrative Rules, the legislative body which oversees agency rulemaking. We recognize that these are significant changes to the water allocation program, and we need and value your input in this Rules revision process. Our goal continues to be for the Department's Lake Michigan water allocation program to complement your own efforts to promote the efficient use and management of Lake Michigan water.

Great Lakes Governors and Premiers Regional Water Management

The Great Lakes-St. Lawrence River Basin Water Resources Compact came into force on December 8, 2008. Since that time, the Great Lakes states and provinces have begun the process of complying with the provisions of the Compact and the related Regional Agreement. Most of this effort has focused on providing water use data to a regional data base and developing state-specific water conservation goals and objectives that are consistent with the regional goals and objectives. Illinois' Lake Michigan Water Conservation Goals and Objectives have been developed and have been posted on our website:

<http://dnr.state.il.us/owr/LakeMichiganWaterAllocation.htm>

This is a guidance document, and we anticipate that it will be revised and updated as needed to keep pace with changes in the regional goals and objectives as well as changes in technology and practice. As always we welcome your review and comments.

On December 8, 2010, Governor Quinn was elected Chair of the Compact Council for the coming year. Further information on the Compact and its implementation can be found on the Council of Great Lakes Governors' website: www.cglg.org.

Per the specific language in the Compact, Illinois' diversion of water from Lake Michigan will continue to be governed under the terms of the U.S. Supreme Court Decree and Illinois' participation on the Compact Council will not limit our ability to continue to divert water from Lake Michigan consistent with the Decree.

New Lake Michigan Water Allocation Orders

Since our last newsletter, the Department has issued the following water allocation orders:

- LMO 09-01 Decision on an Application for a Lake Michigan water allocation by the Village of Antioch.
- LMO 09-02 Decision on an Application for a Lake Michigan water allocation by the Village of Fox Lake.
- LMO 09-03 Decision on an Application for a Lake Michigan water allocation by the County of Lake - Fox Lake Hills.
- LMO 09-04 Decision on an Application for a Lake Michigan water allocation by the County of Lake – Grandwood Park.
- LMO 09-05 Decision on an Application for a Lake Michigan water allocation by the Village of Lake Villa.

- LMO 09-06 Decision on an Application for a Lake Michigan water allocation by the Village of Lake Zurich.
- LMO 09-07 Decision on an Application for a Lake Michigan water allocation by the Village of Lindenhurst.
- LMO 09-08 Decision on an Application for a Lake Michigan water allocation by the Village of Long Grove.
- LMO 09-09 Decision on an Application for a Lake Michigan water allocation by the Village of Volo.
- LMO 09-10 Decision on an Application for a Lake Michigan water allocation by the Village of Wauconda.
- LMO 09-11 Decision on an Application for a Lake Michigan water allocation by the County of DuPage – York Township Service Territory.
- LMO 09-12 Decision on an Application for a Lake Michigan water allocation by the Charmar Water Company.
- LMO 10-01 Decision on an Application for a Lake Michigan water allocation by the Golf Greenwood Gardens Improvement Association.

Water Use Summaries for the 2009 and 2010 Water Years

The water use summaries for the 2009 and 2010 Water Years have been posted on our website (see page 1), and can be viewed or downloaded. This information was obtained from the Annual Water Use Audit Reports (LMO-2). Total domestic Lake Michigan water use was 930 million gallons per day (mgd) in 2009, and 894 mgd in 2010, continuing a pattern of reduced overall Lake Michigan water use. Water diverted directly into the Chicago Sanitary and Ship Canal system and stormwater runoff from the diverted Lake Michigan watershed account for the remainder of Illinois' allowable diversion.

If you have any questions, please feel free to contact:

Daniel Injerd, Chief, or James Casey, Water Resources Engineer
 Lake Michigan Management Section
 Office of Water Resources
 Illinois Department of Natural Resources
 Michael A. Bilandic Building
 160 N. LaSalle St., Suite S-700
 Chicago, IL 60601
 (312) 793-3123
 E-mail: dan.injerd@illinois.gov james.casey@illinois.gov